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2015 Nebraska Farmland Values and Rental Rates

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Cornhusker Economics

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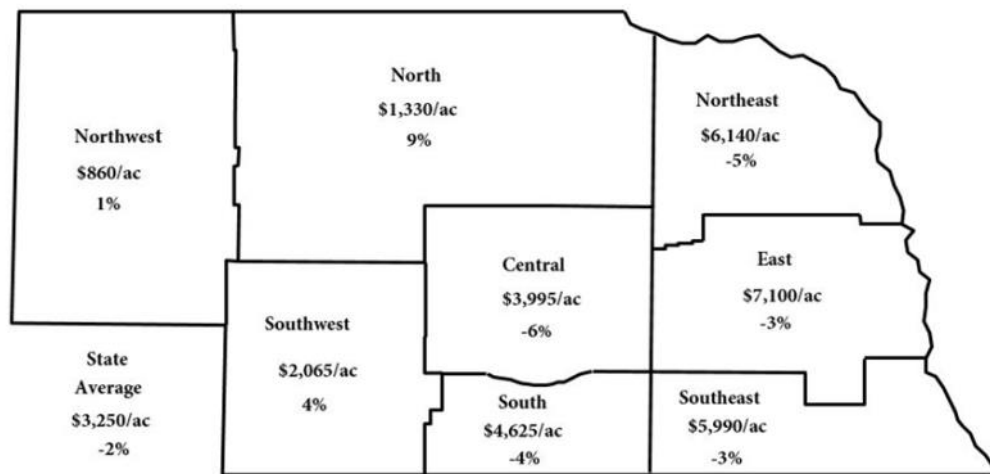
Market Report	Year Ago	4 Wks Ago	6-19-15
Livestock and Products.			
Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.	149.15	160.00	150.00
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	254.00	289.49	288.28
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	207.17	227.24	240.46
Choice Boxed Beef, 600-750 lb. Carcass.	238.39	263.19	249.87
Western Corn Belt Base Hog Price Carcass, Negotiated.	120.03	78.16	75.57
Pork Carcass Cutout, 185 lb. Carcass 51-52% Lean.	124.66	84.86	83.59
Slaughter Lambs, woolled and shorn, 135-165 lb. National.	154.75	146.30	153.86
National Carcass Lamb Cutout FOB.	359.20	356.28	349.15
Crops.			
Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu.	6.56	4.93	4.50
Corn, No. 2, Yellow Nebraska City, bu.	4.43	3.45	3.43
Soybeans, No. 1, Yellow Nebraska City, bu.	14.05	8.99	9.57
Grain Sorghum, No.2, Yellow Dorchester, cwt.	7.73	6.88	6.84
Oats, No. 2, Heavy Minneapolis, Mn, bu.	3.80	2.77	2.79
Feed			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	193.75	190.00	*
Alfalfa, Large Rounds, Good Platte Valley, ton.	*	*	*
Grass Hay, Large Rounds, Good Nebraska, ton.	100.00	120.00	130.00
Dried Distillers Grains, 10% Moisture Nebraska Average.	145.00	170.50	129.00
Wet Distillers Grains, 65-70% Moisture Nebraska Average.	52.00	52.00	45.50
* No Market			

Nebraska agricultural land values have declined two percent according to the recently published Nebraska Farm Real Estate Market Highlights 2014-2015 report. As of February 1, 2015, the weighted average farmland value for the state dropped over the prior 12-month period to \$3,250 per acre (Figure 1 and Table 1). Cash rental rates for land in 2015 followed trends comparable to 2014 as irrigated and dryland cropland rental rates declined while pasture and cow-calf pair rental rates rose across Nebraska (Table 2).

Survey panel members indicated current crop prices and farm input costs as the most negative factors leading to a reduction in cash rental rates for cropland. Current livestock prices were noted as the most positive factor leading to higher pasture and cow-calf pair rental rates in Nebraska. Property tax levels and future property tax policies were also listed as negative factors impacting area land values in Nebraska for 2015.

Since February 1, 2014, the largest percent increase in land value for Nebraska reported by survey participants occurred in hayland and nontillable grazing land at 20 and 16 percent respectively. Like 2014, part of the reason for these increases relates to cattle prices remaining near record levels in 2015. The increase in price for these two land classes varied across Nebraska.

Figure 1. Average Value of Nebraska Farmland, February 1, 2015 and Percent Change From a Year Earlier



Source: 2014 and 2015 UNL Nebraska Farm Real Estate Market Developments Surveys.

The Southwest district reported the highest rate of increase for hayland at 27 percent with the other regions reporting increases ranging between 9 and 26 percent. Rates of increase for nontillable grazing land ranged between 2 and 22 percent with the lower increase in values focusing in the Northeast, East, and Southeast.

Decreases in the value of dryland and irrigated cropland followed comparable trends. On average, irrigated cropland values declined at a slower rate than dryland cropland without irrigation potential. Gravity irrigated and center pivot irrigated cropland rates dropped 6 and 5 percent respectively throughout most of Nebraska, but a small increase of 6 percent was reported for the Northwest District. The decline in value for dryland cropland without irrigation potential ranged between 14 percent in the Northwest and 4 percent in the South District.

Cash rental rate trends across Nebraska were comparable to the changes in land values for the various classes of land. Pasture and cow-calf pair rental rates set new records across the state as industry participants demonstrated their willingness to bid up the value to use these resources. Tightening profit margins for grain producers resulted in rate declines for dryland and irrigated cropland across all of the districts.

Survey results shown and discussed in this report are findings from the University of Nebraska–Lincoln

2014 Nebraska Farm Real Estate Market Survey. Land values and rental rates presented in this report are averages of survey panel members' responses by district. Actual land values and rental rates may vary depending upon the quality of the parcel and local market for an area. Complete results from the survey are available electronically via the Nebraska Farm Real Estate website: agecon.unl.edu/realestate

Land appraisers, farm managers, or agricultural finance professionals from Nebraska interested in participating in future Nebraska Farm Real Estate Market Surveys are invited to contact the Department of Agricultural Economics at the University of Nebraska–Lincoln. Interested parties can contact the Agricultural Economics Department by phone: (402) 472-1913 or email: agecon@unl.edu

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Table 1. Average Reported Value of Nebraska Farmland for Different Land Types and Sub-State Regions, February 1, 2015^a

Type of Land and Year	Agricultural Statistics District								
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast	State ^c
----- Dollars Per Acre -----									
Dryland Cropland (No Irrigation Potential)									
\$/acre	730	1,580	5,645	3,115	5,980	1,855	3,340	5,060	3,390
% change	-14	-8	-12	-11	-9	-6	-4	-7	-9
Dryland Cropland (Irrigation Potential)									
\$/acre	870	2,290	7,065	4,095	7,310	1,950	4,510	6,940	5,030
% change	-7	-4	-2	-17	-3	-4	-11	-2	-4
Grazing Land (Tillable)									
\$/acre	535	1,395	3,695	2,615	4,205	1,135	2,350	3,035	1,515
% change	-3	21	-9	14	16	28	-3	-8	9
Grazing Land (Nontillable)									
\$/acre	490	745	2,580	2,030	3,010	945	1,815	2,275	1,005
% change	21	19	4	22	20	17	2	5	16
Hayland									
\$/acre	1,115	1,905	3,630	2,890	4,080	1,965	2,955	3,100	2,355
% change	9	15	25	23	24	27	26	23	20
Gravity Irrigated Cropland									
\$/acre	3,235	4,135	7,355	6,905	8,445	4,435	7,095	7,995	6,900
% change	6	-2	-1	-14	-3	-2	-3	-4	-6
Center Pivot Irrigated Cropland^b									
\$/acre	3,625	4,835	8,150	7,825	9,575	5,790	8,270	9,425	7,315
% change	-4	-3	-8	-12	-3	1	-2	-3	-5
All Land Average^c									
\$/acre	860	1,330	6,140	3,955	7,100	2,065	4,625	5,990	3,250
% change	1	9	-5	-6	-3	4	-4	-3	-2

Source: ^a UNL Nebraska Farm Real Estate Market Surveys, 2014 and 2015.

^b Value of pivot not included in per acre value.

^c Weighted averages.

Table 2. Reported Cash Rental Rates for Various Types of Nebraska Farmland and Pasture: 2015 Averages, Percent Change from 2014 and Quality Ranges by Agricultural Statistics District^a

Type of Land	Agricultural Statistics District							
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast
----- Dollars Per Acre -----								
Dryland Cropland:								
Average	35	65	235	105	205	45	85	170
% Change	-13	-7	-4	-5	-5	-10	-6	-3
High Third Quality	50	85	305	140	255	60	115	215
Low Third Quality	25	40	175	85	155	30	65	130
Gravity Irrigated Cropland:								
Average	135	195	285	235	300	185	220	255
% Change	-7	-5	-2	-6	-5	-3	-2	-14
High Third Quality	180	230	335	270	355	225	270	310
Low Third Quality	75	155	225	195	260	145	175	225
Center Pivot Irrigated Cropland^b								
Average	175	235	365	245	330	250	255	300
% Change	-13	-6	-1	-6	-7	-18	-6	-10
High Third Quality	295	275	430	295	385	310	330	360
Low Third Quality	150	190	285	215	270	225	240	265
Pasture:								
Average	13.50	30	90	40	65	25	40	55
% Change	35	20	29	33	18	25	14	10
High Third Quality	20	40	120	50	75	35	45	65
Low Third Quality	10	20	60	35	50	20	35	35
----- Dollars Per Month -----								
Cow-Calf Pair Rates^c								
Average.....	40.90	65.55	62.05	64.10	64.55	60.70	57.50	58.90
High Third Quality ^d	53.60	83.35	81.00	78.15	79.80	75.00	66.50	68.25
Low Third Quality ^d	35.00	53.90	45.50	56.75	50.95	52.15	48.25	46.25

Source: ^a Reporters' estimated cash rental rates (both averages and ranges) from the UNL Nebraska Farm Real Estate Market Survey, 2014 and 2015.

^b Cash rents on center pivot land assumes landowners own total irrigation system.

^c A cow-calf pair is typically considered to be 1.25 to 1.30 animal units (animal unit being 1,000 lb. animal). However, this can vary depending on weight of cow and age of calf.

^d Cow-calf pair rates will vary by services provided by the landowner.